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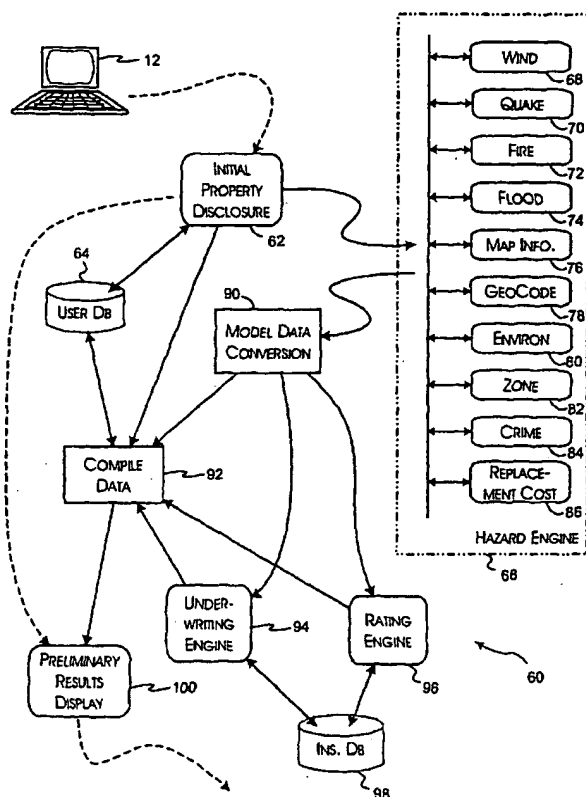
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(54) Title: **COMPREHENSIVE RISK ASSESSMENT SYSTEM AND AUTONOMOUS METHODS OF INSURANCE UNDERWRITING UTILIZING SAME**



(57) Abstract: The system, executable by a general purpose computer, includes a plurality of risk-modeling software engines, a model data conversion engine, and a rating evaluation engine. Risk-modeling software engines provide for the evaluation of respective property loss risk factors to generate model result data based on a site-specific description of a predetermined property. The model data conversion engine stores a plurality of insurability profiles that define respective sets of predetermined loss risk-factor base criteria, with each of the insurability profiles corresponding to an insurance source. The model data conversion engine is coupled to receive the model result data and is operative to select a qualified insurance source by providing for the adaptive conversion and comparison of the model result data against the sets of predetermined loss risk-factor base criteria to select a predetermined insurance source. The rating evaluation engine, coupled to receive the model result data and the predetermined insurance source, autonomously generates a site-specific insurability rating for the predetermined property based on the model result data.

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1 COMPREHENSIVE RISK ASSESSMENT SYSTEM AND AUTONOMOUS
2 METHODS OF INSURANCE UNDERWRITING UTILIZING SAME
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14 Background of the Invention

15 Field of the Invention:

16 The present invention is generally related to risk assessment
17 systems used in the evaluation of insurable loss exposures and, in particular,
18 to a comprehensive-risk analysis system capable of autonomous generation
19 of loss exposure based ratings that are site-specific.
20

21 Description of the Related Art:

22 Insurance of individual properties, specifically including real-
23 properties and the structures built on those properties, is widely systematized
24 through cooperative arrangements between agents, property inspectors,
25 brokers, underwriters, and others. Although these parties provide many
26 different essential services in the securing and subsequent performance of an
27 insurance contract, which can be quite variable depending on the
28 circumstances of any particular loss event, the overall process of determining
29 and securing the underwriting of an insurance contract is relatively constant.

1 An agent for a particular insurance carrier or group of carriers evaluates a
2 property and structure for insurability based on threshold criteria established
3 by a carrier. These threshold criteria typically involve rather cursory
4 evaluations of basic discriminating factors, such as size, zoning, and location
5 with a known exposure to a natural disaster hazard, as well as age, type of
6 construction, and valuation. Where a property meets or fits within these
7 criteria for insurability, some greater evaluation of the probable maximum loss
8 ("PML") is performed to determine an insurance rating, and therefore
9 premiums to be charged, for insuring a particular property by the selected
10 carrier. Determining the PML for a property is conventionally treated as an
11 evaluation of the costs likely to be incurred in response to a particular loss
12 event. For example, this valuation is typically determined simply as the
13 replacement cost of restoring a property in the event of a flood or rebuilding
14 a structure following a fire. An insurance rating is then determined based on
15 an actuarial analysis of the likelihood of any particular loss event.

16 Computerization of the underwriting process has been employed in a
17 number of different ways. Various programs have been developed to
18 automate the application process. Agents have been able to collect property
19 related information through screening of externally available information into
20 an electronic application form. Thus, the threshold criteria determined by a
21 carrier or group of carriers directly identifies the information to be collected by
22 the agent in initiating the underwriting process.

23 Other programs have been developed to assist in the determination of
24 whether any particular property is exposed to a natural disaster hazard. Given
25 a property addresses, typically once converted to latitude and longitude
26 coordinates, computer systems can evaluate public or commercially available
27 proprietary topographical map databases to determine if the property is within

1 a defined natural hazard risk area. Conventional map databases are known
2 to exist for flood, earthquake, tornado, and other natural disaster risks.

3 Databases, containing zoning and other building related information,
4 are also known to exist. In some instances, these databases are developed
5 and made publically accessible by the governmental agencies responsible for
6 collecting and disseminating the corresponding information. Typically more
7 extensively informed proprietary databases of zoning and building related
8 data also exist and are commercially accessible.

9 The different programs used to access and evaluate the information
10 contained in these public and proprietary databases are typically dedicated to
11 the analysis of the corresponding type of retrieved data. Even as between
12 different databases providing similar information, the scope and detail of the
13 information produced from these databases conventionally makes any form
14 of evaluation rather specialized.

15 Conversely, however, the sophistication of the various carriers in
16 establishing their basic insurability criteria is rather low compared to the level
17 of information that might be obtained from the detailed analysis of one or
18 more different databases. This is, at least in part, due to the well-recognized
19 complexity of even trying to significantly analyze available topographical data
20 particularly due to the inherent complexity of its presentation from different
21 databases. Another factor is that the insurance against potential future losses
22 is inherently a statistical analysis of risk events.

23 The significance of evaluating any particular risk is further distanced by
24 the pooling of insurance underwriting. The details of any particular loss is of
25 little consequence in comparison to the overall or averaged risk exposure of
26 a large insurance pool. Indeed, complex systems of analysis exist to evaluate
27 the portfolio risk exposure of insurance pools to particular loss events.
28 Management of risk exposure at this level, though significant computerization

1 and detailed analysis is often utilized, occurs independent of the location of
2 any particular insured property.

3 Consequently, there is a need for a system capable of autonomous
4 operation that is able to effectively provide a comprehensive risk-analysis
5 suitable for identifying qualifying underwriters of insurance and generating an
6 insurability rating for a specific property and attendant structures.

7

8 Summary of the Invention

9 Thus, a general purpose of the present invention is to provide a
10 comprehensive risk-assessment system supporting the identification,
11 qualification, and rating for a particular property that is fully capable of
12 autonomous operation.

13 This is achieved in the present invention by providing a system,
14 executable by a general purpose computer, that includes a plurality of risk-
15 modeling software engines, a model data conversion engine, and a rating
16 evaluation engine. Risk-modeling software engines provide for the evaluation
17 of respective property loss risk factors to generate model result data based on
18 a site-specific description of a predetermined property. The model data
19 conversion engine stores a plurality of insurability profiles that define respective
20 sets of predetermined loss risk-factor base criteria, with each of the insurability
21 profiles corresponding to an insurance source. The model data conversion
22 engine is coupled to receive the model result data and is operative to select a
23 qualified insurance source by providing for the adaptive conversion and
24 comparison of the model result data against the sets of predetermined loss
25 risk-factor base criteria to select a predetermined insurance source. The rating
26 evaluation engine, coupled to receive the model result data and the
27 predetermined insurance source, then autonomously generates a site-specific

1 insurability rating for the predetermined property based on the model result
2 data.

3 An advantage of the present invention is that comprehensive, site-
4 specific risk assessments of the potential damages incurred by a property can
5 be autonomously generated. The risk assessments are of a quality and nature
6 that insurance protection for these potential damages may also be
7 autonomously secured.

8 Another advantage of the present invention is that it manages
9 underwriting profiles and autonomously provides for the selective mapping of
10 the risk assessment data to these underwriting profiles to identify and fully
11 qualify a specific property for insurance by a particular insurance carrier.

12 A further advantage of the present invention is that the present invention
13 provides for the autonomous interpretation of the generated risk assessment
14 data in order to determine whether the threshold acceptability criteria of a
15 particular underwriting profile, having some particular if not unique
16 qualification requirement, is met.

17 Still another advantage of the present invention is that the quality and
18 nature of the risk assessment data supports multiple levels of refinements to
19 the acceptability criteria, permitting carriers to offer their underwriting services
20 based on different and better risk assessments of the potential loss associated
21 with a particular property.

22 Yet another advantage of the present invention is that the risk
23 assessment data is generated and fully valid on a site-specific basis. The risk
24 assessment data generated for individual hazards is actuarially valid within a
25 statistical scope that is defined by a specific property and the nature of the
26 hazard. Consequently, dependencies between or shared in the modeling of
27 individual hazards does not change the validity of the risk assessment data
28 produced.

1 Still another advantage of the present invention is that the risk
2 assessment data provided by multiple, independent hazards models can be
3 collectively processed to generate fully integrated risk assessment data that
4 reflects the potential combined loss and damage factors that define the
5 exposures of a particular property.

6 A yet further advantage of the present invention is that utilization of the
7 system implementing the present invention allows identification and selection
8 of the most cost-efficient and protections-appropriate insurance coverages for
9 a specific property. Changes in the underwriting profiles and in any of the
10 underwriting ratings can be autonomously detected and used to initiate or re-
11 initiate the ranked selection of underwriting profiles for a specific property.
12 Upon notification, the insurance beneficiary of a property can perform an
13 essentially, if not actual, one-click acceptance and binding of a new or revised
14 insurance contract.

15

16 Brief Description of the Drawings

17 These and other advantages and features of the present invention will
18 become better understood upon consideration of the following detailed
19 description of the invention when considered in connection with the
20 accompanying drawings, in which like reference numerals designate like parts
21 throughout the figures thereof, and wherein:

22 Figure 1 illustrates multiple different systems for performing property
23 risk analysis and underwriting, including a system implementing a preferred
24 embodiment of the present invention;

25 Figure 2 shows an initial, site-specific hazards risk analysis and
26 presentation system for a preferred embodiment of the present invention;

1 Figure 3 shows a detailed, site-specific hazards risk analysis,
2 presentation and underwriting system for a preferred embodiment of the
3 present invention

4 Figure 4 provides a detailed view of the system and process of
5 developing detailed, site-specific hazards risk analyses convertible to
6 underwriter specific property assessment profiles;

7 Figure 5 provides a detailed view of the system and process of
8 developing ratings data based on site-specific underwriting parameters; and

9 Figure 6 shows a process of binding an underwritten risk protection
10 policy based on a site specific analysis of property hazards.

11

12 Detailed Description of the Invention

13 For the preferred embodiment, the present invention provides for the
14 comprehensive assessment of risks for a defined property and attendant
15 structures in connection with the selection of an insurance carrier and the
16 binding of insurance for the defined property. The autonomous operation and
17 comprehensive function of the present invention allows an ordinary individual
18 client-user to access the implementing computer system, identify a potentially
19 insurable property, and obtain an initial evaluation of the risk factors that may
20 or will affect the insurability determination and insurance rating of the
21 property. The invention further permits and supports the election to
22 automatically select one or more qualifying underwriters and develop the
23 corresponding insurance ratings for the property for consideration by the
24 client-user. Finally, the present invention enables the client-user to qualify for
25 and fully bind an insurance contract against any carrier selected by the client-
26 user.

27 As generally illustrated in Figure 1, a number of systems 10 may be
28 accessed by a client-user computer system 12 through a communications

1 network 14. This network 14 may be a proprietary wide-area or point-to-point
2 connection and, preferably in relation to the preferred embodiment of the
3 present invention, is a secure network connection established over the Internet
4 14 or other similar public wide-area network.

5 In the case of a proprietary underwriting system 16, the client-user is
6 typically an agent or broker. This client-user operates, directly or indirectly, a
7 computer system 18 to execute a proprietary software application 20 to collect
8 specific information required by a specific insurance carrier. A private
9 database 22 is typically used in connection with the application 20 to screen
10 against a proprietary set of risk factors before accepting an application for
11 insurance. The agent/broker must not only provide the specific information
12 required by the application in the specific form and format required, the
13 system 16 is typically capable of only providing a print-out of the qualified
14 insurance application. The services of the agent/broker are still required in
15 order to complete the underwriting process.

16 Other prior art computer systems, such as the computer system 24
17 directly support the process of actually binding the insurance contract. A
18 computer system 26 executes a proprietary application 28 that again operates
19 against a private database 30 to support the preparation of an electronic
20 application for insurance. As before, the application 28 requires the specific
21 property-related information to be supplied in a specific form and format. As
22 a qualified processing system employed by or on behalf of a particular carrier
23 or group of carriers, the informational requirements of the application 28 are
24 predefined. The application is therefore unable to accept property information
25 that is in a form or format that is any different from that defined by the
26 application 28. Nonetheless, where the required information can be provided
27 in an acceptable form, and that information meets the requirements of the
28 insurance carrier – that the property is insurable – the application 28 is then

1 capable of operating 32 as a binding agent by identifying a corresponding
2 insurance rating and, if accepted, committing the binding of the insurance
3 contract 34.

4 The system 24 is not, however, autonomous. The client-user is
5 conventionally required to be an agent or broker in order to interface with or
6 operate the system 24. This high level of sophistication is required to ensure
7 that appropriate information be collected and provided to the system 24 as
8 necessary to meet the rigid data requirements of the application 28.

9 The present invention, as represented in the system 36, includes a
10 computer 38, preferably configured as a Web server, that executes an
11 application 40 that autonomously functions to implement a comprehensive risk
12 assessment system capable of evaluating potentially insurable risks in regard
13 to an identified property. The application 40 is preferably a combination of
14 programs including an HTTP server, a set of modeling engines, and servlets
15 that operate to establish access to local and external databases 42, 44, 46, to
16 communicate with various binding authorities 48 capable of securing 50
17 payments and to overall integrate these programs into the application 40.
18 Since the operation of the application 40 is autonomous, as enabled by the
19 present invention, there are no significant restrictions or requirements placed
20 on the client-user. Thus, a conventional Web enabled client computer system
21 12 with access through the Internet 14 is sufficient to fully utilize the system 36.

22 Referring now to Figure 2, the preferred implementing process of the
23 present invention provides for an initial analysis of the risks, potential for
24 insurability, and likely insurance rating of an identified property. This process
25 is preferably implemented through the execution of the application 40 by the
26 computer system 38. Through an initial property disclosure interaction 62, a
27 client-user 12 preferably provides an identification of a property by entry of a
28 fully qualified address, the type of structure to be insured, such as house,

1 condominium, or apartment, the size of the structure, preferably in terms of
 2 square footage, the age of the structure, and the structural foundation type.
 3 Some unique identification of the client-user is also obtained. Based on this
 4 information, a client-user record is created and stored in a user database 64
 5 that is proprietary to the system 38. The collected information is then provided
 6 to a hazards evaluation engine 66.

7 In a preferred embodiment of the present invention, the hazards
 8 evaluation engine 66 may include any number of different specialized risk
 9 modeling engines 68-86. These individual engines 68-86 are preferably
 10 implemented as software components with well-defined data input
 11 requirements and produce equally well defined sets of risk data. The
 12 particular features and content of the risk data produced by any particular
 13 engine 68-86 is highly dependant on the nature and operation of the
 14 particular software engine.

15 The individual engines 68-86 can be generally categorized as those
 16 that operate to model the risk exposure to specific loss events (Loss Event),
 17 those that support the operation of the risk specific models (Support), and
 18 those that provide additional information used to qualify the risk assessments
 19 provided by the risk specific models (Qualification). Table I summarizes a
 20 preferred set of the software engines 68-86.

21
 22 Table I – Hazard Engine Components

	<u>Model</u>	<u>Primary Model Parameters</u>	<u>Type</u>
23 24	1. Wind	Frequency, nature, severity of tornados, hurricanes, and other wind driven damages.	Loss Event
25	2. Quake	Frequency, nature, severity of earthquakes.	Loss Event

	<u>Model</u>	<u>Primary Model Parameters</u>	<u>Type</u>
1	3. Fire	Frequency, nature, severity of fires due to human and natural causes; exposure to fires spread from surrounding property.	Loss Event
2	4. Flood	Frequency, nature, severity of floods and other damages due to water on the land surface; proximity to flood plain, dams, other water channels.	Loss Event
3	5. Map Information	Topographical information based on coordinates; hazard zones.	Support
4	6. Geographic Coding	Conversion of property address to property boundaries to coordinates.	Support
5	7. Environment	Nature and proximity of environmental hazards.	Qualification
6	8. Zone	Industrial, commercial, residential, other; construction density; composition of structures.	Qualification
7	9. Crime	Frequency, nature, severity of incidents and impact to structure and occupants.	Qualification
8	10. Replacement Costs	Cost valuation based on zoning and structural construction requirements	Qualification

9

10 In a preferred embodiment of the present invention, the initial property
 11 disclosure information is processed through the geographic coding engine to
 12 identify the property in an unambiguous coordinate system. This siting
 13 information, along with the available information describing the structure
 14 located at that site, is then provided directly to the loss event engines as
 15 discrete input data. That is, the siting information is specifically not
 16 aggregated by value, geographic rating area, zone or other general
 17 qualification factors. The siting information is similarly provided discretely to

1 the qualification engines. The information generated by the qualification
2 engines is therefore based on or determined relative to the specific site and
3 structure being analyzed.

4 The loss event engines initialize their software models using the siting
5 and structure data. Additional input data is obtained, as needed, from the
6 qualification engines. Other data that is used in the modeling operation is
7 stored in databases dedicated to the particular engines. For example, the
8 quake engine 70 preferably locates the site relative to known faults and
9 models out the likely frequency and severity of particular fault ruptures. As
10 part of this analysis, the quake engine 70 relies on information obtained from
11 the map information engine 76 to physically locate known faults relative to the
12 target site and to determine distances between the target site and specific
13 faults. For example, the map information engine 76 may provide data
14 identifying the Alquist-Priolo fault hazard zones, which can be used to simply
15 determine whether the target site is inside a known fault rupture area.

16 Other data directly accessible by the quake engine 70 includes soils
17 data and data describing geologic formations that may exist at the target site
18 and near faults. This other data is preferably used to determine the geologic
19 nature of the site, such as the underlying soil type and responsiveness to
20 earthquake motions, and the earth materials that extend between the target
21 site and different selected faults, which may amplify the shaking level
22 experienced at the target site in response to any particular event.

23 The quake engine is thus capable of providing a wide range of detailed
24 output information specifically concerning the target site. This information
25 preferably includes: (1) the soil type at the target site; (2) distance from the
26 site to the closest known fault; (3) name of that closest fault; (4) distance from
27 the site to the closest known controlling fault, which is the fault that presents
28 the greatest threat of damage to the target property, (5) magnitude of largest

1 event expected on the controlling fault within a defined period of time; (6) the
2 mean shaking level at the target site expected in response to an event on the
3 controlling fault; (7) multiple statistics on the expected damage level that will
4 be incurred by the structure on the target site in response to an event on the
5 controlling fault; (8) multiple statistics on the probabilistic damage level for that
6 will be incurred by the structure on the target site as a result of all events on all
7 known faults; and (9) the distance from the target site, fault name, magnitude
8 of the largest expected event, and the shaking level at the site from the largest
9 expected event for each of the ten closest faults. In a similar manner, each of
10 the individual hazard engines 68-86 operate on the basis of a particular
11 coordinate location of a particular property. The site-specific nature of the
12 information used by any of the engines 68-86 and, in turn, finally generated
13 by at least the loss event engines 68-74 is maintained through out the
14 operation of the hazard engine 66.

15 The detailed and site-specific information produced by the hazard
16 engine 66 of the present invention is processed through a model data
17 conversion engine 90. This engine 90 operates initially to process the data
18 generated by the hazard engine 66 into a compiled data set 92 that can then
19 be evaluated by an underwriting engine 94 and a rating engine 96. This
20 compiled data set 92 is also preferably stored in the user database 64 for
21 subsequent reference in connection with the client-user record.

22 In the preferred embodiment of the present invention, the underwriting
23 engine 94 stores and operates over a set of underwriting profiles that establish
24 the base criteria of different carriers for the issuance of particular insurance
25 policies. The model data conversion engine 90 interoperates with the
26 underwriting engine 94 to match and filter the detailed data produced by the
27 hazard engine 66 to produce data sets whose information maps to the
28 particular criteria of the underwriting profiles. Thus, where a particular profile

1 criterion could not be directly resolved by reference to the detailed information
2 generated by the hazard engine 66, in accordance with the present invention,
3 a matched and filtered data set contains the relevant data in a form that can
4 be directly evaluated against the profile criteria. For example, a particular
5 carrier's insurability profile criteria may require that the target property not be
6 subject to a shaking level of greater than a specific value on a defined
7 earthquake shaking scale, such as perhaps 8.5 on the Modified Mercalli
8 Intensity (MMI) scale. The criteria may also require that any structure on the
9 property have a "Grade-Y" rating, in the carrier's defined terminology,
10 reflecting a likely level of damage at the threshold shaking level.

11 In a preferred embodiment of the present invention, the quake engine
12 70 may directly produce a shaking level value using the same shaking scale
13 specified in the insurability profile. Other shaking level values on other scales
14 may also be produced for potential use in regard to other profiles. Also, the
15 quake engine 70 may generate one or more different characterizations of the
16 percentage likely damage for the structure.

17 While a direct correspondence between the shaking criteria of the
18 insurance profile and the data produced by the quake engine 70 exists, no
19 direct data correspondence exists for determining whether the structure meets
20 the "Grade-Y" rating profile requirement. The model data conversion engine
21 90, in accordance with the present invention, not only identifies the particular
22 shaking data that is to be considered against the insurability profile, but also
23 provides for an acceptable conversion between an appropriate, or closest
24 comparable, percentage damage characterization produced by the quake
25 engine 70 and the carrier's particularly defined damage rating scale.
26 Depending on the complexity of the conversion, the definition of the
27 conversion for any particular carrier may be implemented as a simple business

1 rule or a complex expert system process, operating from a database 98 of
2 conversion rules and data, defined in regard to particular carriers.

3 With the production of the matched and filter data sets by the model
4 data conversion engine 90, the underwriting engine 94 performs a series of
5 insurability criteria profile comparisons to identify any qualifying carriers. The
6 identification of the qualified carriers and the data sets are then provided to a
7 rating engine 96. Based on the data sets, the proposed insurance premiums
8 for the different carriers are produced. This production, at this point in the
9 operation of a preferred embodiment of the present invention, is of estimated
10 premiums, since the information provided by the user in the initial property
11 disclosure 62 is generally insufficient to fully describe the property and
12 structure that is proposed for insurance.

13 The qualifying carriers and the proposed premiums are compiled
14 together 92 with summary explanations of the hazards identified through the
15 execution of the hazard engine 66. This compiled information is then
16 preferably presented to the client-user as a preliminary results display 100.

17 The risk assessment of a given property, including the evaluation of the
18 potential insurability and rating of the property, as described to this point is
19 preferably presented as a free public service accessible over the Internet 14 to
20 any client-user 12. A continuation of that process, as generally illustrated in
21 Figure 3, is preferably subject to the payment of a fee for the development of
22 a comprehensive risk assessment and presentation of a formal quote for
23 insurance. The requirement of a fee is, however, not essential, but rather
24 merely preferred as a method of covering the cost of third-party services
25 desired or required by insurance carriers in order to complete an application
26 for insurance. This fee is preferably waived where a qualified application for
27 insurance is submitted for binding.

1 If the client-user indicates, from the preliminary results display 100, that
 2 a formal quote for insurance coverage is desired, the client-user is presented
 3 with a detailed property disclosure screen 112. The client-user is directed to
 4 enter, in the preferred embodiment of the present invention, a full identification
 5 of the client-user, at least sufficient to enable an electronic funds transfer to
 6 cover the fee, and a detailed identification of the property presented for
 7 insurance. This identification is preferably sufficient to establish the specific
 8 nature of the property and any structure to be covered by insurance.
 9 Additional information regarding the condition, surroundings, and construction
 10 of the structure, as well as past insurance coverage and claims made can be
 11 obtained as part of the detailed property disclosure. Thus, in a preferred
 12 embodiment of the present invention, the property identification is preferably
 13 obtained through a generalized set of questions, such as shown in Table II:

14
 15 Table II – Detailed Property Description

	<u>Question:</u>
16 1.	What company provided your previous homeowners insurance policy?
17 2.	What was the policy number of that policy?
18 3.	What is your occupation (applicant's)?
19 4.	What is your spouse's occupation, if applicable?
20 5.	Will you occupy the dwelling on the property as your only primary residence within 10 days of inception of coverage?
21 6.	Does more than one family occupy the dwelling(s) on the property?
22 7.	Is there a thermostatically controlled heating system?
23 8.	Is there a Jacuzzi®/hot tub, spa or pool? If so, are they fenced?
24 9.	Is the dwelling more than 1,000 feet to a fire hydrant?

	<u>Question:</u>
1	10. Is the dwelling more than 60 years of age?
2	11. Are pressurized hot and cold water pipes copper?
3	12. Does the dwelling have copper wiring on all circuit breakers?
4	13. Does dwelling have smoke alarms?
5	14. Is roof/dwelling well maintained in good condition and premises free of debris?
6	15. Has insured reported any claim in the past 3 years? If yes, explain the type of loss and amount paid by insurer.
7	16. Has any damage remained un-repaired from previous claim and/or any open or pending claim?
8	17. Does the insured own or board any animals?
9	18. Is the dwelling located in or near brush/forested area?
10	19. Is the dwelling located in or near landslide area?
11	20. Is the dwelling now or within the past 60 days been in foreclosure?
12	21. Are abandoned, not operational, not regularly used vehicles, or company vehicles stored on the property?

13

14 The information collected through the detailed property disclosure is
15 compiled 114 and associated with the user record as stored in the user
16 database 64. In a preferred embodiment of the present invention, this
17 compilation 114 of the property data is checked and supplemented 116 by
18 accessing public databases 118. The information compiled by public
19 assessors, which is often available electronically, contains property
20 information, often including specific property tract metes and bounds, lot size,
21 and easement data, structure information, including building age, construction
22 type, zoning, and occupancy data. Other information, such as title and
23 foreclosure status, can also be checked 116 and used to supplement the

1 detailed property disclosure information that is compiled 114 for a particular
2 property.

3 Commercial services 120, 122 are available to be checked for
4 particular information to complete the detailed property disclosure 112. These
5 services may include a claims history database service 120, which allows the
6 insurance and claims history for a particular property to be checked. Other
7 services 122 may be accessed to check the credit worthiness of a particular
8 applicant for insurance. The fees for using these commercial services are
9 preferably charged to the insurance applicant through the execution of an e-
10 commerce transaction with a credit card transaction clearing service. As
11 before, the information obtained through these services, as well as the details
12 of the credit card transaction are stored in the user database 64 in connection
13 with the user record.

14 The information compiled 114 through the detailed property disclosure
15 process of the present invention is quite detailed and substantially beyond, in
16 many respects, the level of detail required by commercial underwriters for the
17 conditional binding of an insurance policy. Conventionally, the binding is
18 conditioned on an inspection of the property through a manual review of the
19 relevant property records and, in many instances, an actual physical property
20 inspection. This inspection represents a significant, though perhaps indirect,
21 cost to the insurance carrier. While the present invention is fully supportive of
22 the current underwriting practices in regard to the need for detailed property
23 inspections, the present invention also supports a more detailed initial property
24 evaluation that is capable of substantially if not completely eliminating the
25 records review portion of conventional property inspections.

26 Thus, in support of current underwriting practices, the data compiled for
27 a particular property, including the previously collected and model data
28 converted hazard data sets, are submitted to an underwriting engine 126 to

1 formally qualify the target property and structures against the underwriting
2 criteria of the insurance carriers known to the underwriting engine 126. The
3 identity of the qualifying carriers and the compiled property information
4 relevant to determining carrier specific insurance ratings for the target property
5 is then preferably passed to the ratings generation engine 128. Conventional
6 ratings qualifications, such as the presence of smoke detectors and sprinklers,
7 the type of building foundation, and age of the structure, are evaluated in a
8 conventional manner to produce insurance ratings for the property in respect
9 to each of the identified insurance carriers. The resulting rating information
10 is then again added to the compiled 114 property information. A formal
11 quote from one or more carriers is then preferably displayed 130 to the client-
12 user. Alternately, an explanation of why the target property is not insurable is
13 displayed 132 to the client-user.

14 Where the substantially greater detailed information compilable by the
15 present invention is to be used, potentially to reduce or eliminate the need for
16 a manual property records inspection or, perhaps of greater significance, to
17 greatly increase the accuracy and comprehensiveness of the property risk
18 assessment and, therefore, the accuracy and reliability of the ultimate
19 insurance rating of the property, a hazards re-evaluation 124 may be
20 conducted using the full compiled set of property information obtained through
21 the detailed property disclosure process. The hazards re-evaluation 124
22 preferably entails a resubmission of property and structure related data to the
23 hazard engine 66. Thus, in comparison to the earlier presented example, the
24 quake engine 70 is provided with more detailed information regarding the
25 property and structure, which allows a more detailed modeling of the likely
26 damage that will be caused by any particular level of shaking. The detailed
27 information provided as part of the re-evaluation preferably includes whether
28 the structure is of single or multi-story construction, the remediated age of the

1 foundation and structural shear walls, and the percentage or portion of the
2 structure that may have been reconstructed by choice or building code
3 requirement. This additional detailed information allows the quake engine 70
4 to produce a significantly more accurate projection of the maximum likely
5 damage to the structure in response to a quake. Similarly, the compiled
6 detailed property information allows the wind, fire, and flood model engines
7 68, 72, 74 to greatly increase their accuracy in projecting damages.

8 In accordance with an alternate embodiment of the present invention,
9 the accuracy of the comprehensive risk assessment may be substantially
10 increased by co-evaluation of the risk assessments produced by the individual
11 hazard engines 68-74, in combination with the information provided by the
12 support and qualification engines 76-86. That is, the probable maximum loss
13 arising from any particular loss-event is preferably determined from both
14 primary and secondary hazard events. The primary hazard event is
15 considered to be the direct cause of the loss-event and is likely the direct
16 source of the largest component of the probable maximum loss for the loss-
17 event. In this embodiment, secondary hazards either caused by or occurring
18 as a consequence of the primary hazard are also evaluated to determine
19 corresponding secondary aggregate contributions to the probable maximum
20 loss due to the loss-event.

21 This aggregating risk analysis can therefore provide a very accurate
22 assessment of the risk exposure for a carrier in underwriting the insurance for
23 the target property and structure. The specific performance of the aggregate
24 risk analysis is highly subject to the detailed hazard assessment data produced
25 by the individual hazard engines 68-86. Preferably, a rules based modeling
26 system or other expert system is utilized to examine and evaluate different risk
27 scenarios to determine different likelihoods of loss. Exemplary scenarios
28 include:

1 1. Considering the potential loss effects of flood hazards combined
2 with environmental hazards by evaluating the effects of different flood levels
3 and flood circumstances on known environmental hazard sites based on
4 proximity and elevation relative to a target property, thus permitting the
5 identification and risk analysis of the potential and nature of any toxic
6 contamination of the target site during flood events.

7 2. Considering the potential loss effects due to distant environmental
8 hazards by evaluating topographical elevations, proximity, surface gradients,
9 soil types, and geologic formations relative to a target property as the basis for
10 determining the risk exposure to groundwater contamination in wells on the
11 target property.

12 3. Considering the potential loss effects due to fault ruptures in
13 combination with other ground failures, such as landslide and liquefaction,
14 further potentially in combination with the proximity and nature of
15 environmental hazard sites in the vicinity of the target property, thus permitting
16 a comprehensive analysis of the loss risk due to any particular quake event.

17 4. Considering the potential loss effects due to the target property
18 being exposed to multiple hazards, such as (a) both a brush-fire hazard and
19 a ground failure hazard, thereby enabling evaluation of an enhanced potential
20 for a landslide following a brushfire; and (b) fault rupture and fire hazards,
21 qualified by building types, structure density, and proximity to brushlands or
22 commercial/industrial structures, thereby enabling evaluation of an enhanced
23 potential for an urban-wildland or industrial district conflagration following a
24 quake due to broken gas utility pipelines.

25 The process operation 140 of the different levels of risk assessment
26 provided by the present invention are generally illustrated in Figure 4. For
27 current underwriting practices, here denominated a level-one analysis, the
28 compiled data 114, including the previously generated hazard engine model

1 data converted data sets, is supplied directly to the underwriting engine 126.
2 For a level-two analysis, the compiled data 114 is again provided to the
3 hazard engine 66 for re-evaluation 124. The resulting detailed hazard
4 descriptive information is provided to the model data conversion engine 90.
5 Based on the different insurance profile criteria stored or accessible through
6 the underwriting engine 126, the model data conversion engine 90 again
7 develops model data converted data sets based on the hazard engine
8 produced model data. These data sets preferably differ from the previously
9 generated data sets in that they contain additional information that may at
10 least be optionally considered in the operation of the underwriting engine 126
11 to determine the acceptability of the target property for underwriting. This
12 additional information is also provided to and is more likely to be considered
13 significantly in the operation of the ratings generation engine 128. In
14 particular, the ratings generation engine 128 may utilize this additional
15 information specifically in the process of identifying so-called insurance
16 surcharges, which are represented as insurance premium add-ons used to
17 adjust the base premium rate or rating for the property for specific
18 characteristics of the property or structure to be insured.

19 For a level-three analysis, the hazards data produced through the re-
20 evaluation 124, other compiled data, and model data converted data sets are
21 made available to an aggregate hazard model engine 142. This engine 142
22 implements the rules-based or expert systems engine that performs the
23 aggregate hazards analysis in accordance with the present invention. The
24 aggregate analysis results is again provided to the underwriting engine 126,
25 preferably in the form of the model data converted data sets and extended
26 data that may be used by the underwriting engine 126 and ratings generation
27 engine 128.

1 In connection with each level of analysis, the ratings generation engine
2 128 operates to generate formal insurance ratings for each underwriter
3 considered. As generally illustrated in Figure 5, the process of obtaining
4 ratings information may and, in preferred embodiments of the present
5 invention, does involve accessing information from any of a number of
6 potential sources. The determination of whether additional information is
7 desired depends on the particular underwriters identified and knowledge of the
8 different information access channels that are available to the ratings
9 generation engine 128. Conventional insurance standard ratings schedules
10 152 may be locally accessible by the ratings generation engine 128. The
11 ratings generation engine may be provided with access 154 to publically
12 available ratings schedules, provided either by the different carriers or public
13 agencies that monitor the activities of particular carriers. The ratings
14 generation engine may also have access to third-party commercial services
15 156 that, through subscription arrangements both specific carriers and their
16 agents and brokers, provide detailed digests of the ratings information for
17 those specific insurance carriers. Some insurance carriers may also offer
18 access to their own computer systems, specifically to obtain rating information,
19 by supporting trusted middleware systems 158 or direct connections through
20 proprietary interfaces 160. Finally, if not currently available now, insurance
21 carriers may in the future provide their ratings schemes or schedules to
22 qualified agents and brokers in a well-defined standard form, such as XML
23 distributions, for use by their agents and brokers. These distributions 154 are
24 preferably available electronically through repository sites or directly from sites
25 operated by the different carriers.

26 Regardless of the particular channel used to obtain the ratings
27 information provided by specific insurance carriers, the ratings generation
28 engine 128 preferably utilizes the property identification, related data sets, and

1 any additional information provided, as in the case of the level-two and level-
2 three property evaluations, to generate a corresponding insurance rating for
3 the target property and structure. This information, as well, as the information
4 generated from the underwriting engine 126, is compiled 114, stored in the
5 user database 64 relative to the user-client record, and then presented as part
6 of the formal quote display 130.

7 For the preferred embodiment of the present invention, the final binding
8 process 170 for the target property is shown in Figure 6. From the formal
9 quote display 130, the client-user is able to select a particular insurance policy
10 for purchase 172. Upon confirmation of the policy selection and
11 determination to purchase, a conventional online-credit transaction is initiated
12 to obtain the funds necessary to secure the binding of the insurance. The
13 selected carrier is notified 178 of the binding and provided with the
14 corresponding application for insurance. Confirmations of the credit
15 transaction, the application for insurance, and of the at least conditional
16 acceptance of the application for insurance are then mailed or otherwise
17 transmitted 176, such as by electronic-mail, to the client-user and insurance
18 carrier. Finally, a hard-copy of the insurance policy will also typically be
19 provided 180 to the client-user by the insurance carrier.

20 Thus, a system and method of providing for the comprehensive analysis
21 of the risk exposure associated with a target property, and a system and
22 method of autonomously evaluating the risks presented as the basis for the
23 underwriting of insurance for those risks has been described.

24 In view of the above description of the preferred embodiments of the
25 present invention, many modifications and variations of the disclosed
26 embodiments will be readily appreciated by those of skill in the art. It is
27 therefore to be understood that, within the scope of the appended claims, the
28 invention may be practiced otherwise than as specifically described above.

Claims

1 1. A system, executable by a general purpose computer, of
2 autonomously generating a site-specific insurability rating based on the
3 hypothetical loss-exposure of a predetermined property, said system
4 comprising:

5 a) a plurality of risk-modeling software engines that provide for
6 the evaluation of respective property loss risk factors, said plurality of risk-
7 modeling software engines generating model result data based on a site-
8 specific description of a predetermined property;

9 b) a plurality of insurability profiles that define respective sets of
10 predetermined loss risk-factor base criteria, each of said insurability profiles
11 corresponding to an insurance source;

12 c) a model data conversion engine coupled to receive said model
13 result data and operative to select a qualified insurance source, said model
14 data conversion engine providing for the adaptive conversion of said model
15 result data for comparison with said sets of predetermined loss risk-factor base
16 criteria, said model data conversion engine selecting a predetermined
17 insurance source where said model result data meets a the requirements of a
18 corresponding set of said predetermined loss risk-factor base criteria; and

19 d) a rating evaluation engine coupled to receive said model
20 result data and said predetermined insurance source, said rating evaluation
21 engine providing for the autonomous generation of a site-specific insurability
22 rating for said predetermined property based on said model result data.

1 2. A data processing system, executable by a general purpose
2 computer, for assessing site-specific property risks in association with

3 determining a probable maximum loss as a basis for establishing an
4 insurability rating, said data processing system comprising:

5 a) a hazards assessment engine implementing a plurality of risk
6 evaluation models to generate a plurality of risk assessment data;

7 b) an underwriting discrimination engine including a plurality of
8 insurability profiles established by respective insurance carriers, wherein said
9 plurality of insurability profiles define predetermined acceptability criteria; and

10 c) a model data conversion engine coupled between said
11 hazards assessment engine and said underwriting discrimination engine, said
12 model data conversion engine providing for the autonomous selective filtering
13 of said risk assessment data to identify instances of said insurability profiles
14 where said risk assessment data satisfies the respective said predetermined
15 acceptability criteria of said instances of said insurability profiles.

1 3. The data processing system of claim 2 wherein said
2 predetermined acceptability criteria of a predetermined one of said plurality
3 of insurability profiles presents a uniquely constrained definition of the
4 acceptable risk assessment data necessary to autonomously satisfy said
5 predetermined acceptability criteria and wherein said model data conversion
6 engine provides for the autonomous interpretation of said risk assessment data
7 to provide a closest match to said uniquely constrained definition.

1 4. A method of managing the autonomous, computer based
2 evaluation of risks and costs of insurance for a predetermined property, said
3 method comprising the steps of:

4 a) interactively obtaining an initial identification of said
5 predetermined property from an end-user;

- 6 b) first establishing a preliminary risk assessment with regard to
7 said predetermined property, said risk assessment determining a set of
8 potential hazards to said predetermined property and a probable maximum
9 damage rating for said predetermined property;
- 10 c) presenting said set of potential hazards and said probable
11 maximum damage rating to said end-user;
- 12 d) obtaining supplementary information regarding said
13 predetermined property;
- 14 e) second establishing a comprehensive risk assessment with
15 regard to said predetermined property based on the combination of said initial
16 identification and supplementary information through the automated
17 evaluation of the exposure of said predetermined property to any of a plurality
18 of loss-type events to provide corresponding sets of hazard model data;
- 19 f) first autonomously processing said sets of hazard model data
20 against predetermined insurability profiles of predetermined insurance carriers
21 to identify a qualifying carrier;
- 22 g) second autonomously processing said sets of hazard model
23 data against said qualifying carrier to determine an insurance rating specific
24 to said predetermined property; and
- 25 h) presenting said qualifying carrier and said insurance rating
26 to said end-user for selection.

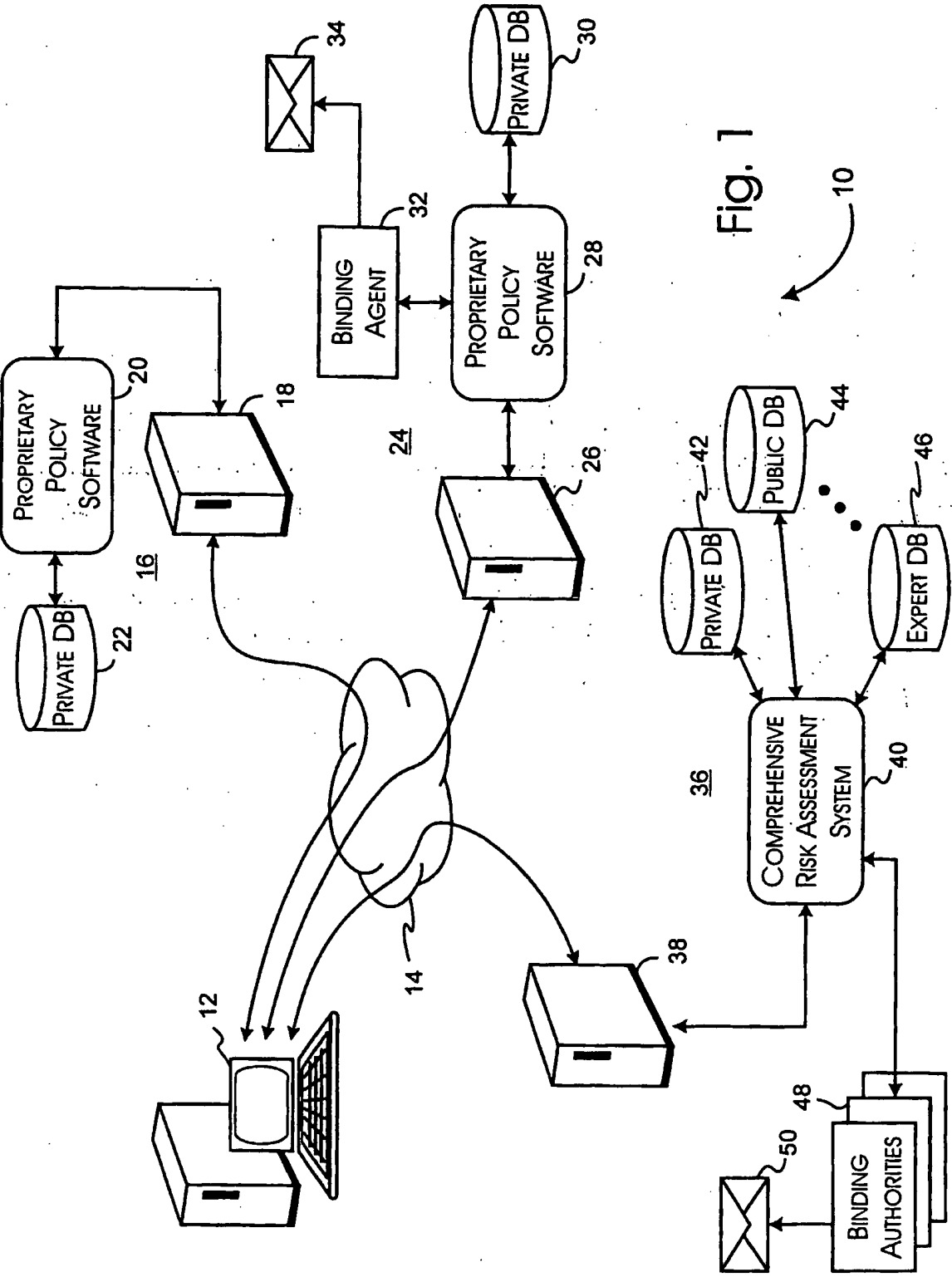
1 5. The method of claim 4 wherein said step of obtaining
2 supplementary information includes the step of accessing, with respect to said
3 predetermined property, an external database of property data to obtain data
4 characterizing said predetermined property with respect to any of ownership,
5 value, and construction information.

1 6. The method of claim 4 or 5 wherein said step of establishing a
2 comprehensive risk assessment includes submitting said property identification
3 and said supplementary information to a hazards assessment system including
4 a plurality of hazard model engines wherein said property identification and
5 supplementary information are utilized to identify the site of said
6 predetermined property and evaluate the site-specific exposure of said
7 predetermined property to a predetermined set of hazards.

1 7. The method of claim 6 wherein said set of predetermined
2 hazards includes wind, quake, fire, and flood.

1 8. The method of claim 6 wherein said plurality of hazard model
2 engines includes loss-event modeling engines, support data engines, and
3 qualification data engines, wherein said support and qualification data
4 engines provide site-specific information derived from said property
5 identification and supplementary information to said loss-event modeling
6 engines, and wherein said loss-event modeling engines provide detailed
7 hazard model data.

1 9. The method of claim 8 wherein said first autonomous
2 processing step includes converting said detailed hazard model data into data
3 sets comparable with said insurance profiles.



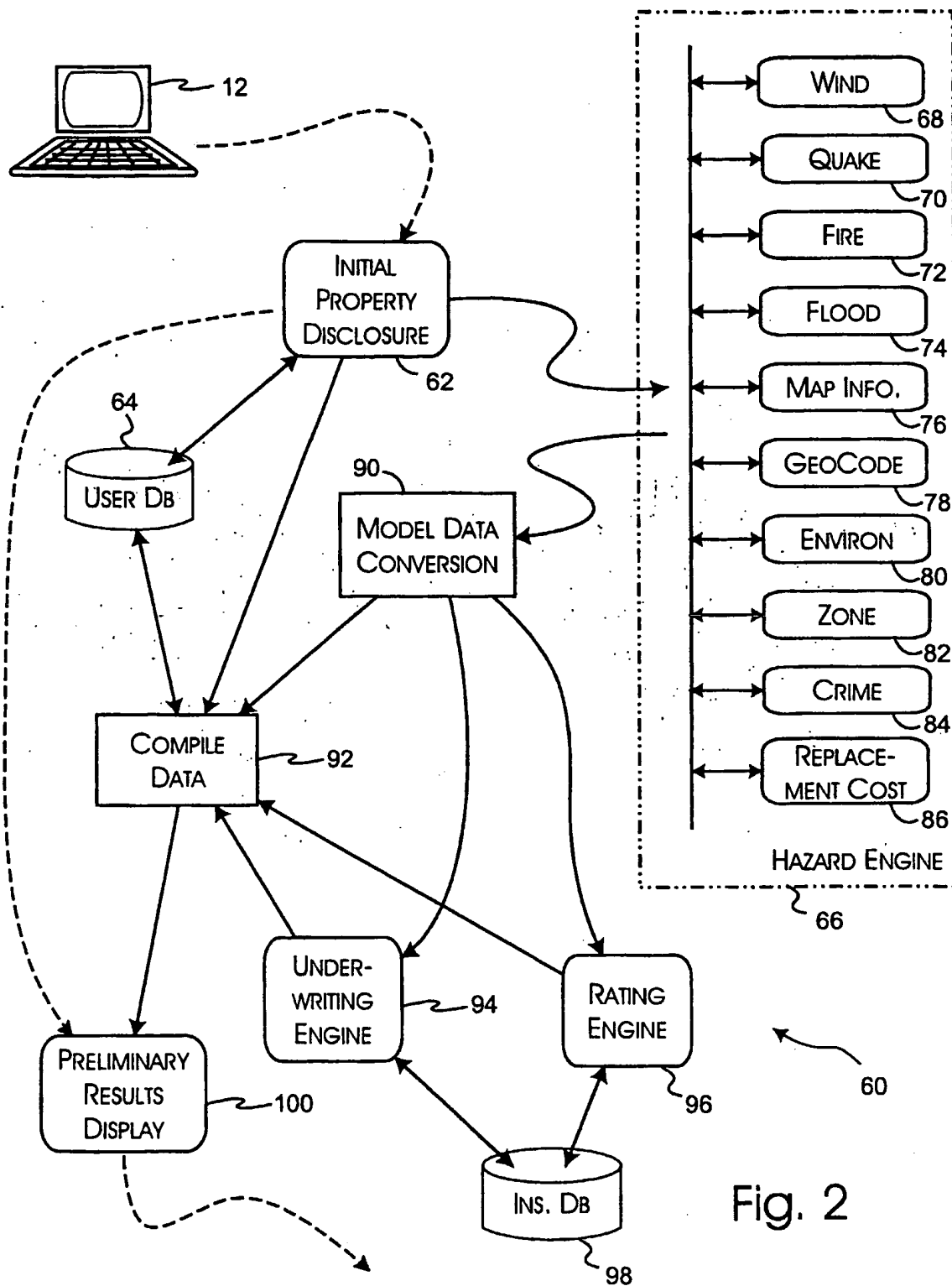


Fig. 2

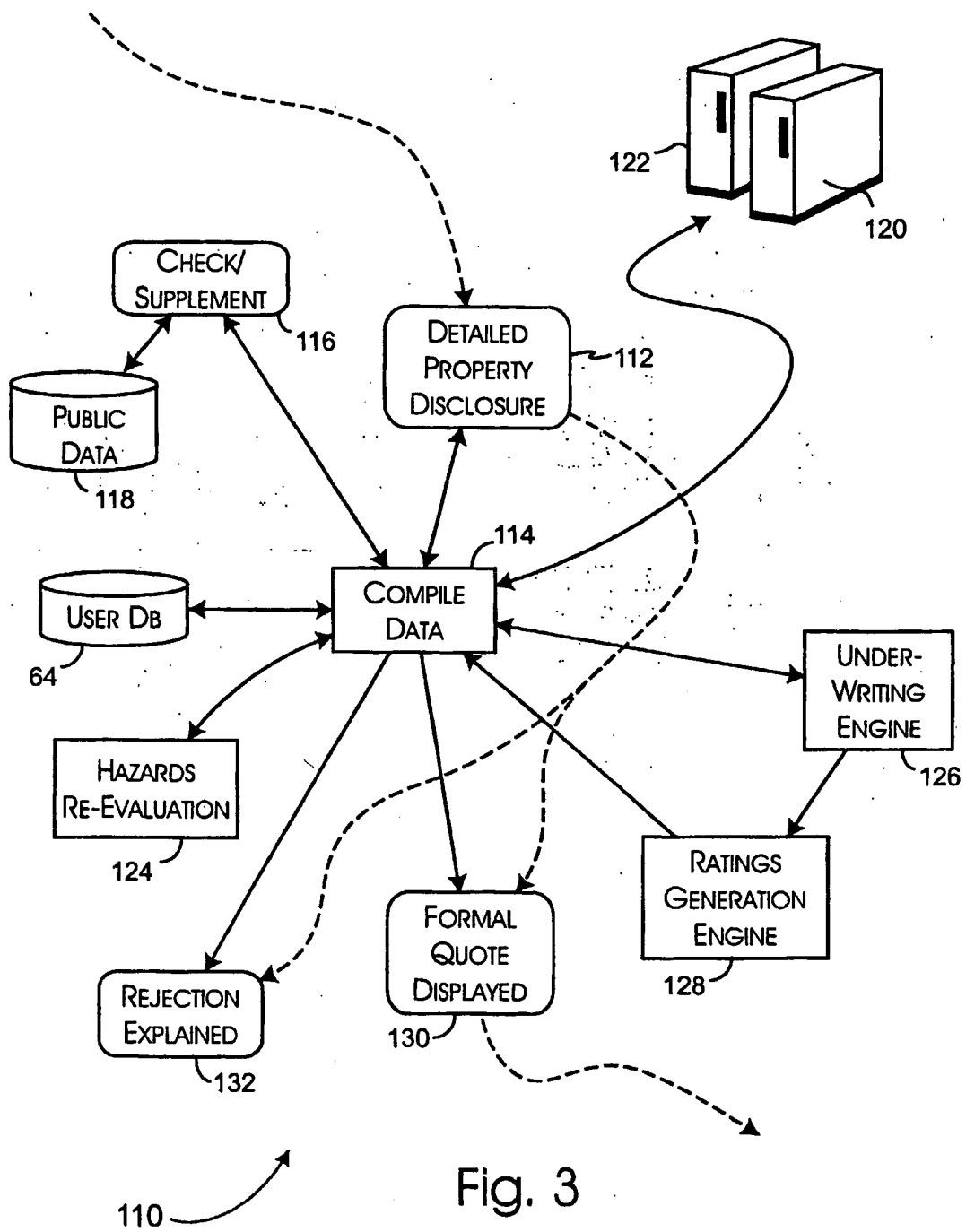


Fig. 3

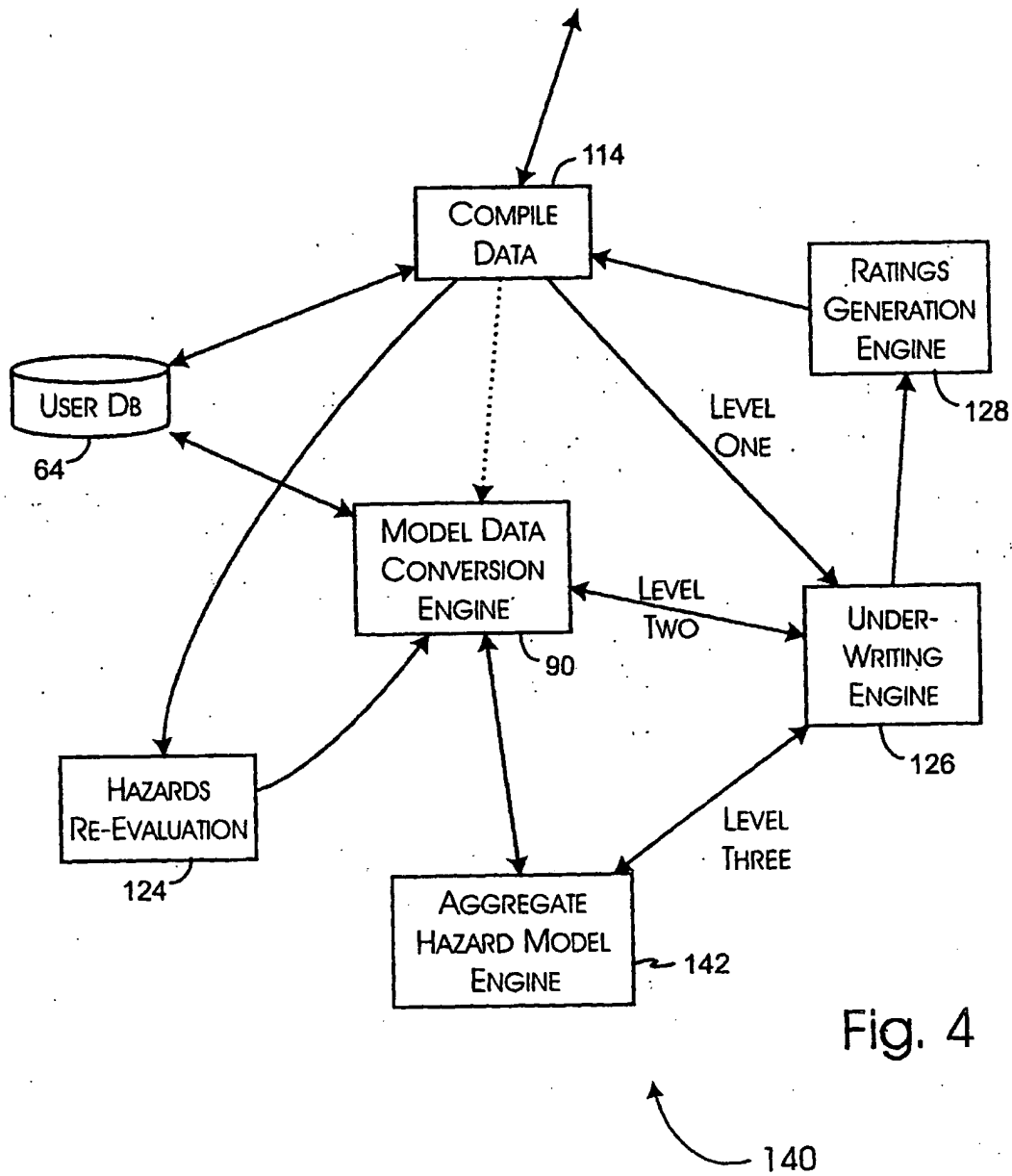


Fig. 5

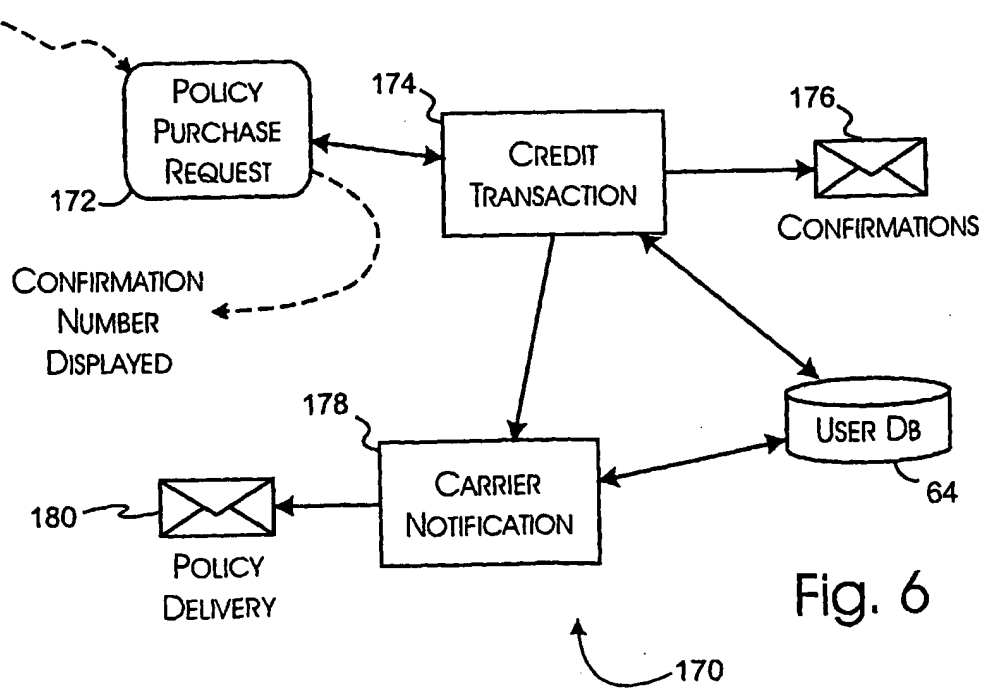
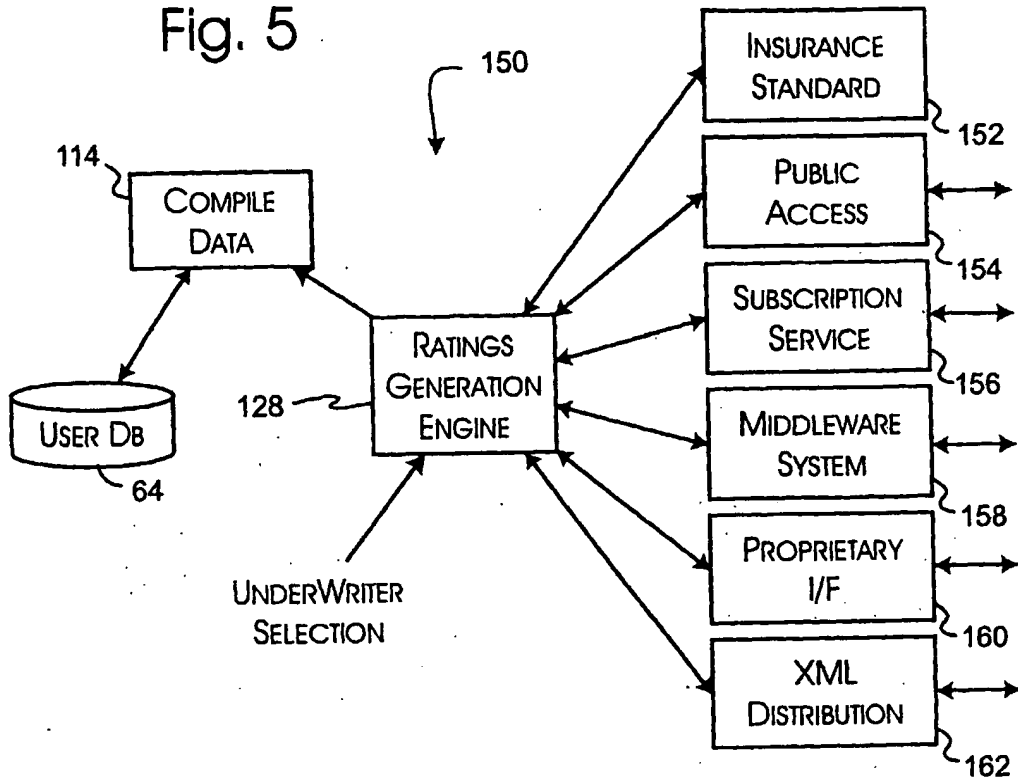


Fig. 6